Comments of

The United Illuminating Company

Re:

Raised Senate Bill No. 182

AN ACT CONCERNING REVISIONS TO THE UTILITY STATUTES

Before the Energy & Technology Committee

Legislative Office Building

February 23, 2010

Raised Senate Bill No. 182 (the Bill) contains several modifications to the utility statutes.

The United Illuminating Company ("UI" or "Company") supports most of the proposed modifications in the Bill, and requests additional clarification and possible modifications regarding the changes proposed in Section 1(d) and Section 17.

The modifications set forth in Section 1 of the Bill, adding a new Section 16-18a(d) to the Connecticut Statutes, allow for the Department of Public Utility Control ("DPUC" or "Department") to engage consultants to provide expertise to the Department in matters at the Federal Energy Regulatory Commission and other federal agencies, and provide that all reasonable and proper costs shall be borne by the public service companies, or other mentioned entities, that are affected by the decision. UI does not oppose the DPUC's participation in federal proceedings as appropriate, but UI is concerned that the language in this provision relating to cost recovery should specifically provide for future recovery. Lines 20-22 appear to direct the DPUC to allow cost recovery. However, if the Company is not presently litigating a rate case or has just completed a multi-year rate case proceeding, there is no way for the Company to recover these costs until its next rate case filing. UI respectfully requests that any reasonable and proper costs resulting from this section be accounted for through the establishment of a regulatory asset until cost recovery can be included in the next rate cases. This will assure that the intended recovery of costs actually occurs. UI suggests adding clarifying language be added: "The affected entity may

establish a regulatory asset for its costs incurred as a result of this section, and such costs shall be recovered in rates at the time of the Company's next rate proceeding."

Regarding the proposed modifications to Section 17, UI does not oppose the inclusion of a Class III RPS requirement for Last Resort Service (LRS), however the specific language presents two problems. First, the January 1, 2010 commencement date for the LRS Class III RPS requirement is not practical because UI has already procured supply for LRS for the first half of 2010. Suppliers have committed to fixed price contracts based on only having to meet Class I and Class II RPS requirements. UI suggests that the requirement commence on either July 1, 2010 or January 1, 2011. Second, the deletion of language, bracketed in lines 473 – 487, which relates to 2007 - 2009, may create ambiguity and have the unintended consequence of allowing suppliers to attempt to claim that they have no RPS obligations for those years. This is particularly problematic for 2009 because most suppliers have not yet met the 2009 RPS requirements yet, and aren't required to do so until June under the New England Generation Information System (GIS) rules. The trading and transference of Renewable Energy Certificates for RPS compliance can be done during the first half of the year following the compliance year. UI recommends that the bracketed language be restored for, at minimum, the 2009 RPS requirements.